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SENSITIVE

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SUBJECT: Philippines Considering Doha Commitments on Services

Ref: Manila 139

[1](#)1. Sensitive But Unclassified

[1](#)2. (SBU) Summary: Secretary of Trade Peter Favila told EconCouns on March 24 that he is considering further commitments on services under Doha Round negotiations. He noted that the Philippines has publicly supported the Chairmen's texts on agriculture and NAMA, as President Arroyo promised they would. End Summary.

[1](#)3. (SBU) In a meeting on other subjects, EconCouns raised with Favila President Arroyo's commitment to binding current levels of openness and negotiating new opening under the Doha Round services negotiations (reftel). Favila said he is considering just such a move. He noted that both constitutional and legal restrictions on services in the Philippines limit what he can do, but said he is looking at what flexibility he has.

[1](#)4. (U) Favila pointed out that he has publicly supported the February Chairmen's texts on agriculture and NAMA calling them "a good basis" for further negotiations (press report forwarded by email to USTR and EAP). Thus far, he noted hopefully, his statements have not come under fire by Philippine opponents of free trade, though perhaps that was the result of the focus of the press on scandal, and more recently, of the dearth of attention to the press during holy week.

[1](#)5. (SBU) EconCouns noted that Washington is also expecting the Philippines to publicly support a developing country coefficient of 20 in Geneva. Favila smiled, but did not respond.

Comment

[1](#)6. (SBU) Favila was tightly focused on local politics before holy week and this meeting was a useful way to bring him back to the trade issues which should be his bread and butter. Of course, it is not clear yet whether the NBN scandal, which demanded so much of his time before, has been washed away over Easter. It was clear that Favila has not forgotten the commitments the Philippines has made regarding Doha, but it was equally clear that he is going to test the domestic winds before taking actions which could cost the government domestic political support.

EBERT-GRAY